

**SHERIFF OF PROVIDENCE COUNTY  
AGENCY FUNDS  
FISCAL YEAR ENDED JUNE 30, 1998  
SEPTEMBER 2000**

**DEPARTMENT OF ADMINISTRATION  
BUREAU OF AUDITS  
ONE CAPITOL HILL  
PROVIDENCE, RI 02908-5889**



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration  
BUREAU OF AUDITS  
One Capitol Hill  
Providence, R.I. 02908-5889  
TDD #: 222-2726  
FAX #: 222-3973

Sheriff of Providence County

AGENCY FUNDS

Fiscal Year Ended June 30, 1998

September 2000

EXECUTIVE SUMMARY

Our audit report, issued November 1997, contained 16 recommendations. The status of those recommendations are as follows:

Implemented	6
Not Implemented	6
Accepted	2
No Longer Applicable	2
Total	<u>16</u>

Our audit, for the fiscal year ended June 30, 1998, identified the following as areas for management's attention.

- Management should develop a policies and procedures manual.
- Establish a formal accounting system that integrates the books of original entry with a general ledger.
- Establish an accounts receivable control account to facilitate the reconciliation of subsidiary account balances.
- Periodically reconcile subsidiary receivable accounts to a control account.
- Update inventory listings on a continuous basis to reflect capital items acquired.
- A physical inventory should be taken annually and a listing of property locations should be developed.

SHERIFF OF PROVIDENCE COUNTY  
AGENCY FUNDS  
FISCAL YEAR ENDED JUNE 30, 1998

TABLE OF CONTENTS

	<u>Page</u>
EXECUTIVE SUMMARY .....	i
LETTER OF TRANSMITTAL .....	1
BACKGROUND .....	2
AUDIT SCOPE AND PURPOSE .....	3
FINANCIAL STATEMENTS:	
Auditors' Report .....	4
Exhibit A: Balance Sheet .....	5
Exhibit B: Statement of Cash Receipts and Disbursements .....	6
Notes to Financial Statements .....	7
OTHER FINANCIAL INFORMATION:	
Service Fee Fund:	
Schedule 1: Comparative Statement of Cash Receipts and Disbursements - Fiscal Years Ended June 30, 1998, 1997, and 1996 .....	9
Imprest Cash Fund:	
Schedule 2: Statement of Cash Receipts and Disbursements - Fiscal Years Ended June 30, 1998, 1997, and 1996 .....	10
FINDINGS AND RECOMMENDATIONS	
Status of Prior Audit Recommendations .....	11
Current Year Findings and Recommendations	
Standard Operating Procedures Manual .....	14
Fiscal Management .....	14
Control Over Accounts Receivable .....	15
Property Management .....	15
MANAGEMENTS' RESPONSE TO AUDIT FINDINGS AND RECOMMENDATIONS .....	
	16



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Department of Administration  
BUREAU OF AUDITS  
One Capitol Hill  
Providence, R.I. 02908-5889  
TDD #: 222-2726  
FAX #: 222-3973

September 18, 2000

Mr. Rene Lafayette  
High Sheriff of Providence County  
250 Benefit Street  
Providence, RI 02903

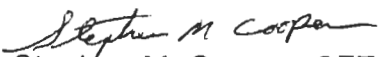
Dear Sheriff Lafayette:

We have completed an audit of the Sheriff of Providence County for the fiscal year ended June 30, 1998 in accordance with Sections 35-7-3 and 35-7-4 of the General Laws.

The findings and recommendations included herein have been discussed with management, and we have considered their comments in the preparation of our report. Management's responses to our findings have also been included in our report.

In accordance with Section 35-7-4 of the General Laws, we will review the status of Providence County Sheriff's corrective action plan within 6 months from the date of issue of this report.

Sincerely,

  
Stephen M. Cooper, CFE, CGFM  
Chief, Bureau of Audits

SMC:pb

SHERIFF OF PROVIDENCE COUNTY  
AGENCY FUNDS  
FISCAL YEAR ENDED JUNE 30, 1998

BACKGROUND

Rhode Island General Law 42.29-1 provides that the Governor shall appoint a sheriff for each county. The sheriffs or their deputies attend all sessions of the supreme, superior, family, district, and workers' compensation courts. The sheriffs also attend the General Assembly when it is in session. Additionally, they execute all civil writs of process, summon witnesses to appear in court; transport prisoners and defendants to court and to state institutions; collect fees for services performed as officers of the courts; and perform all other duties assigned to them by law.

All sheriffs hold office for a period of ten years. Deputy sheriffs shall be appointed and/or promoted with the approval of the Governor. Each sheriff operates independently within their jurisdiction and reports directly to the Governor.

Summary of Selected Pertinent General Laws of Rhode Island

<u>Title</u>	<u>Chapter</u>	
42	29	Sheriffs
9	5	Writs, Summons and Process
9	26	Levy and Sale on Execution
9	29	Fees
10	5	Attachment
12	20	Costs
35	6	Accounts and Control

SHERIFF OF PROVIDENCE COUNTY  
AGENCY FUNDS  
FISCAL YEAR ENDED JUNE 30, 1998

AUDIT SCOPE AND PURPOSE

We conducted an audit of the operating practices and procedures in place at June 30, 1998 and an audit of the financial transactions and records for the agency funds of the Providence County Sheriff's Office for the fiscal year ended June 30, 1998.

Our audit extended to the following funds:

- Service Fee Fund
- Imprest Cash Fund

The purpose of our audit was to determine whether:

- The Providence County Sheriffs Office complied with applicable state laws and established rules and regulations.
- The accounting systems and procedures were adequate, efficient, and effective.
- The operating procedures are being conducted in an economical and efficient manner.
- Cash transactions were properly accounted for within a state authorized agency fund.



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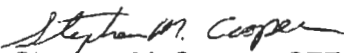
Mr. Rene Lafayette  
High Sheriff of Providence County  
State of Rhode Island

We have audited the accompanying financial statements of the Sheriff of Providence County as of and for the year ended June 30, 1998, as listed in the table of contents. These financial statements are the responsibility of the Sheriff of Providence County. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Standards for the Professional Practice of Internal Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the agency funds of the Sheriff of Providence County at June 30, 1998, and the cash receipts and disbursements for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the statements taken as a whole. The other financial information included in Schedules 1 and 2 of the report are presented for purposes of additional analysis and are not a required part of the combining financial statements of the agency funds of the Sheriff of Providence County. Such information has been subjected to the auditing procedure applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the combining financial statements taken as a whole.

  
Stephen M. Cooper, CFE, CGFM  
Chief, Bureau of Audits

January 15, 1999

EXHIBIT A

SHERIFF OF PROVIDENCE COUNTY  
AGENCY FUNDS  
COMBINING BALANCE SHEET  
June 30, 1998

	SERVICE FEE FUND	IMPREST FUND	TOTAL
<u>ASSETS</u>			
Cash	\$ 8,661.38	1,338.62	10,000.00
Imprest Cash	150.00		150.00
Due From Witness Fee Fund	60.00		60.00
TOTAL ASSETS	\$ <u>8,871.38</u>	<u>1,338.62</u>	<u>10,210.00</u>
<u>LIABILITIES</u>			
Advance From General Fund	\$ 150.00		150.00
Advance From Superior Court		1,278.62	1,278.62
Due to General Fund	8,721.38		8,721.38
Due to Service Fee Fund		60.00	60.00
Deferred Liabilities			
TOTAL LIABILITIES	\$ <u>8,871.38</u>	<u>1,338.62</u>	<u>10,210.00</u>

See accompanying notes to financial statements.

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## EXHIBIT B

SHERIFF OF PROVIDENCE COUNTY  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
 FISCAL YEAR ENDED JUNE 30, 1998

	SERVICE FEE FUND	IMPREST FUND	TOTAL
<u>CASH RECEIPTS</u>			
Service Fees	\$ 107,826.28		107,826.28
Insurance Settlements	7,892.01		7,892.01
Refunds	974.78		974.78
Moving Expenses	20,938.75		20,938.75
Receipts from Superior Court		2,101.88	2,101.88
Erroneous Deposit		60.00	60.00
CASH RECEIPTS	\$ <u>137,631.82</u>	<u>2,161.88</u>	<u>139,793.70</u>
<u>CASH DISBURSEMENTS</u>			
Due to General Fund	\$ 88,061.67		88,061.67
Refunds	16,147.30		16,147.30
Moving Expenses	19,801.25		19,801.25
Miscellaneous Expenses	9,255.72		9,255.72
Witness Fees		2,229.38	2,229.38
Check and Service Charges	173.83		173.83
TOTAL CASH DISBURSEMENTS	\$ <u>133,439.77</u>	<u>2,229.38</u>	<u>135,669.15</u>
Excess (Deficiency) of Cash Receipts Over Cash Disbursements	\$ 4,192.05	(67.50)	4,124.55
Cash Balance, July 1	\$ <u>4,469.33</u>	<u>1,406.12</u>	<u>5,875.45</u>
Cash Balance, June 30	\$ <u><u>8,661.38</u></u>	<u><u>1,338.62</u></u>	<u><u>10,000.00</u></u>

See accompanying notes to financial statements.

:J-5b

SHERIFF OF PROVIDENCE COUNTY  
AGENCY FUNDS  
FISCAL YEAR ENDED JUNE 30, 1998

NOTES TO FINANCIAL STATEMENTS

Note 1 - Significant Accounting Policies:

Fund Accounting

The accounts of the Providence County Sheriff's Office are organized on the basis of funds, each of which is considered to be a separate accounting entity. Only the agency funds are presented in the accompanying financial statements. A description of these funds is as follows:

- Agency Funds - are used to account for assets held by the Sheriff as an agent for individuals, private organizations, the general fund, and/or other funds. The two types of agency funds maintained are:
- Service Fee Fund - is used to account for monies received for the execution of writs, services performed as an officer of the court, and other duties assigned by law.
- Imprest Fund - is used to disburse witness fees and other third party expenses in advance of the service of writs. Expenses paid are subsequently reimbursed by the Service Fee Fund and billed to attorneys or others.

Basis of Accounting

The accompanying financial statements are presented on the modified accrual basis of accounting as prescribed by generally accepted accounting principles. Agency funds are custodial in nature; accordingly, at any given point in time, total assets are equally offset by related liabilities including amounts due to the parties for whom the assets are being held.

#### Note 2 - Accounts Receivable

Accounts receivable are comprised of various fees that are due from attorneys and others. The present accounting system does not generate an accounts receivable control. Consequently, the allocation of changes in this account between balance sheet dates could not be determined.

#### Note 3 - Advance from General Fund

This account represents a non-current liability established to provide the necessary working capital to operate the Service Fees Fund.

#### Note 4 - Deferred Liabilities

For the purpose of financial statement presentation, this account represents a contra account to accounts receivable.

SCHEDULE 1

SHERIFF OF PROVIDENCE COUNTY  
SERVICE FEE FUND  
COMPARATIVE STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FISCAL YEARS ENDED JUNE 30, 1998, 1997, AND 1996

	<u>1998</u>	<u>1997</u>	<u>1996</u>
<u>CASH RECEIPTS</u>			
Service Fees	\$ 107,826.28	114,230.56	123,796.09
Refunds	974.78	2,494.75	4,049.50
Insurance Settlements	7,892.01	8,261.24	7,934.56
Moving Fees	<u>20,938.75</u>	<u>18,922.50</u>	<u>21,083.55</u>
 TOTAL RECEIPTS	 <u>137,631.82</u>	 <u>143,909.05</u>	 <u>156,863.70</u>
 <u>CASH DISBURSEMENTS</u>			
Due to General Fund	88,061.67	99,571.78	102,818.11
Refunds	16,147.30	17,402.30	18,087.90
Service and Check Charges	173.83	84.00	
Moving Expenses	19,801.25	20,060.06	18,701.55
Miscellaneous Expenses	<u>9,255.72</u>	<u>13,534.51</u>	<u>11,363.45</u>
 TOTAL DISBURSEMENTS	 <u>133,439.77</u>	 <u>150,652.65</u>	 <u>150,971.01</u>
 Excess (Deficiency) of Cash Receipts Over Cash Disbursements	 4,192.05	 (6,743.60)	 5,892.69
 Cash Balance, July 1	 <u>4,469.33</u>	 <u>11,212.93</u>	 <u>5,320.24</u>
 Cash Balance, June 30	 <u>\$ 8,661.38</u>	 <u>4,469.33</u>	 <u>11,212.93</u>

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SCHEDULE 2

SHERIFF OF PROVIDENCE COUNTY  
IMPREST FUND  
COMPARATIVE STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FISCAL YEARS ENDED JUNE 30, 1998, 1997 AND 1996

	<u>1998</u>	<u>1997</u>	<u>1996</u>
<u>CASH RECEIPTS</u>			
Advances from Superior Court	\$ 2,101.88	1,941.20	2,164.20
Erroneous Deposit	60.00		
Prior Year Stale Dated Checks		152.90	303.90
	<u>2,161.88</u>	<u>2,094.10</u>	<u>2,468.10</u>
<u>CASH DISBURSEMENTS</u>			
Witness Fees:			
Petit Jury	2,229.38	1,866.40	2,052.10
Transfers		679.40	
Service Charges		42.00	
	<u>2,229.38</u>	<u>2,587.80</u>	<u>2,052.10</u>
Excess (Deficiency) of Cash Receipts Over Cash Disbursements	(67.50)	(493.70)	416.00
Cash Balance, June 1	<u>1,406.12</u>	<u>1,899.82</u>	<u>1,483.82</u>
Cash Balance, June 30	\$ <u><u>1,338.62</u></u>	<u><u>1,406.12</u></u>	<u><u>1,899.82</u></u>

:J-5s2

SHERIFF OF PROVIDENCE COUNTY  
AGENCY FUNDS  
FISCAL YEAR ENDED JUNE 30, 1998

FINDINGS AND RECOMMENDATIONS

Status of Prior Audit Recommendations

The following audit recommendations were identified in the report prepared by the Bureau of Audits for the fiscal year ended June 30, 1995, issued November 1997.

Standard Operating Procedures Manual

1. A standard operating policies and procedures manual should be developed, implemented, and promulgated to the entire staff.

Not implemented. (See recommendation 1.)

Accounts Receivable

2. Establish internal accounts receivable procedures to ensure compliance with Section A-16 of the Department of Administration's Procedural Manual.

No longer applicable. Compliance is not required for agency funds.

3. Comply with the provisions of the R.I. General Laws Section 42-29-31 pertaining to the extension of credit to attorneys.

Accepted. Pending an advisory opinion from the Attorney General's Office.

Fiscal Integrity and Accountability Act

4. The Sheriff's Office should comply with Section 35-14-6 of the General Laws which requires a report on the adequacy of the agency's system of internal accounting and administrative controls by December 31 of each year.

No longer applicable. The Central Business Office will address this recommendation.

### Deputy Sheriffs

5. Seek a legal opinion to clarify the applicability of this section of the law as it applies to deputies who reside outside of the county subsequent to their appointment.

Implemented.

### Bond Insurance Coverage

6. Consideration should be given to increasing the policy limits to amounts that will more realistically protect from possible losses in light of the increased dollars presently handled.

Accepted. Supports legislation to encourage legislative remedy.

### Fiscal Management

7. A formal accounting system integrating the books of original entry (i.e., cash receipts and disbursements journal) with a general ledger should be established. This system should enhance accountability, minimize accounting errors, and demonstrate the discharge of the Sheriff's fiduciary responsibilities.

Not implemented. (See recommendation 2.)

8. Every effort should be made by management to recover the \$336 overpayment.

Implemented.

9. Management should seek reimbursement for the \$1,137.80 which was not collected for writs served.

Implemented.

10. Adjustments to account balances should not be made without appropriate supervisory authorization.

Implemented.

11. Seek reimbursement for bank charges and escheated checks that were subsequently cashed.

No longer applicable.

12. Stale dated checks should be escheated to the general treasurer in accordance with Chapter 33-21.1 of the R.I. General Laws entitled, "Unclaimed Intangible Property."

Implemented.

#### Imprest Cash

13. Bank reconciliations should be performed each month. The fund cash balance plus any outstanding cards (amounts owed to the imprest fund) should always reconcile to the imprest fund balance of \$1,350.

Implemented.

#### In-State Travel

14. Develop a system to reconcile the dates and miles indicated in the daily log/book to the travel vouchers submitted and resolve all differences discovered prior to approval.

Not implemented. The Central Business Office will address this recommendation.

15. Discontinue the use of Form A-14 to request travel expense reimbursements. Effective for the period beginning July 1, 1994, Form A-14X should be used by all employees who regularly travel on state business within the state.

Not implemented. The Central Business Office will address this recommendation.

#### Property Management

16. A physical inventory of all properties should be taken no less than annually and a listing indicating property locations should be developed.

Not implemented. (See recommendation 6.)



SHERIFF OF PROVIDENCE COUNTY  
AGENCY FUNDS  
FISCAL YEAR ENDED JUNE 30, 1998

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Standard Operating Procedures Manual

Our audit revealed that the Sheriff's Office does not have a formal operating procedures manual; consequently, there are no written policies or procedures available to guide employees in selecting appropriate accounting procedures. This had led to employee uncertainty and the use of unnecessary and/or inappropriate procedures.

In our opinion, the lack of uniform procedures and management controls has contributed to specific weaknesses that affect the accounting and administrative controls referred to in this audit.

Recommendation

1. A standard operating policies and procedures manual should be developed, implemented, and promulgated to the entire staff.

Fiscal Management

The Sheriff's Office does not maintain a formal accounting system for its service fee and imprest cash funds. Consequently, accountability for transactions processed is accomplished primarily through the use of checking accounts. Controls over cash are focused upon the bank reconciliation process, since there are no formal books of original entry maintained (i.e., cash receipts journal, cash disbursements journals or general ledger).

Recommendation

2. A formal accounting system integrating the books of original entry (i.e., cash receipts and disbursements journal) with a general ledger should be established to provide an appropriate level of accountability.

### Control Over Accounts Receivable

The Sheriff's Office maintains an accounts receivable subsidiary ledger but does not utilize a formal control account to monitor transaction details that are posted to the individual accounts. The absence of this basic control diminishes the effectiveness of the present system and reduces the reliability that can be placed on the accounts receivable system being used.

As part of our audit, we reviewed the June 30, 1998 accounts receivable balances that were provided to us, and we noted that there were receivables that were being carried for the department of administration and for the department of children, youth and their families. We, further, noted that when these balances were eliminated from the receivable listing a negative balance resulted. Consequently, we have concluded that the balance being carried for accounts receivable is incorrect.

### Recommendations

3. Establish an accounts receivable control account to enhance the present system and to facilitate the reconciliation of subsidiary account balances.
4. Reconcile the subsidiary receivable accounts to a control account at periodic intervals and resolve all differences that are discovered.

### Property Management

Section E-11 of the Department of Administration's Procedural Handbook requires all state departments and agencies to take a physical inventory of its properties periodically, and in no case less frequently than once each year.

This requirement is necessary to determine whether or not property is located where records indicate it should be and to verify its existence. At the time of our audit, we were unable to verify inventory items because the Sheriff's Office does not maintain an updated listing of its inventory.

### Recommendations

5. Update inventory listings on a continuous basis to reflect capital items acquired.
6. A physical property inventory should be taken no less than annually and a listing should be developed to identify their locations.



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

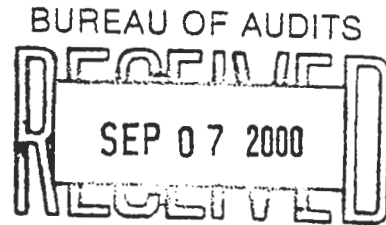
PROVIDENCE COUNTY SHERIFF  
Licht Judicial Complex  
250 Benefit Street, Suite 205  
Providence, R.I. 02903

RENE M. LAFAYETTE  
High Sheriff

Tel: 401/277-3510

September 6, 2000

Mr. Stephen M. Cooper, CFE, CGFM  
Chief, Bureau of Audits  
One Capitol Hill  
Providence, Rhode Island



Hand Delivered

Dear Mr. Cooper:

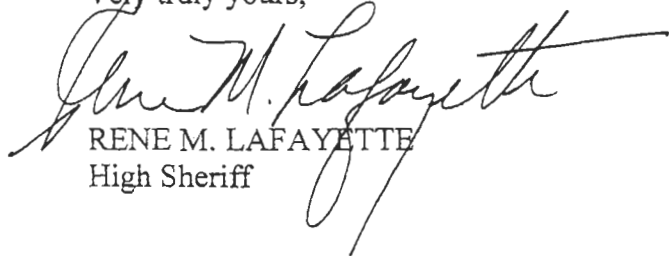
Thank you for the reminder when I saw you at One Capitol Hill last week. Enclosed is my response to the audit of agency funds for the Sheriff of Providence County for the fiscal year ending June 30, 1998.

Per our agreement, my response will be incorporated with the final report that your office submits as per Rhode Island General Law.

As always, I enjoy the opportunity to work with you and your staff in our shared effort to make state government more responsive and effective to the benefit of all.

Best regards.

Very truly yours,

  
RENE M. LAFAYETTE  
High Sheriff

Enclosure (1)

**SHERIFF OF PROVIDENCE COUNTY**  
**AGENCY FUNDS**  
**FISCAL YEAR ENDED JUNE 30, 1998**

***RESPONSE TO CURRENT YEAR FINDINGS &  
RECOMMENDATIONS***

RECOMMENDATION 1 Creation of Procedures Manual

Working with the Bureau of Audits, a procedures manual will be created based upon a template of a manual currently in use and meeting the Bureau of Audits requirements.

RECOMMENDATION 2 Fiscal Management/Accounting System

Once the new computer software is on line, an accounting system will be available as part of that package.

RECOMMENDATION 3 Accounts Receivable

With the implementation of a newly purchased computer software package, these accounting functions should be satisfactorily addressed.

RECOMMENDATION 4 Accounts Receivable

Reconciliation of the subsidiary receivable accounts to a control account at periodic intervals and resolving all differences should, in a similar fashion, be achieved by using the new software.

RECOMMENDATIONS 5 & 6 Physical Property

To be implemented internally by utilizing the agency's Property Officer to create or where applicable update inventory lists.